

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2019-290-WS

IN RE:)	<u>SOUTH CAROLINA DEPARTMENT</u>
Application of Blue Granite Water)	<u>OF CONSUMER AFFAIRS'</u>
Company for Approval to Adjust)	<u>COMMENTS ON</u>
Its Rate Schedules and)	<u>ACCOUNTING ORDER</u>
Increase Rates)	

The South Carolina Department of Consumer Affairs (“Department”) submits these comments in response to the Commission’s December 9, 2020 directive (“Directive”). The Directive was issued by the Commission after Blue Granite Water Company (“Blue Granite” or “Company”) filed a Petition for Reconsideration of Order 2020-758 (“Petition”).

BACKGROUND

Among others, Order 2020-758 included these findings:

The Commission finds that the Conditional Petition for Approval of an Accounting Order should be granted until December 31, 2020, and that the Commission will consider renewal of the Accounting Order at a later date.

The Commission finds that the Stay of placement of rates into effect under the approved bond issued in Order No. 2020-549 shall remain in effect until December 31, 2020, due to the immediate adverse financial impacts that would be suffered by residential and commercial ratepayers during the Governor's declared health care emergency in South Carolina.

Order 2020-758 also allowed the parties “further opportunity to be heard before the Commission’s preliminary Stay has expired.” In response, Blue Granite’s Petition, as an alternative to its request that the stay be lifted, requested “the Commission reconsider its ruling

that the accounting order end precisely on December 31, 2020, and instead find that the accounting order will end only after the Company has had an adequate opportunity to prepare to issue the customer notice of the rate change, and has had a 30-day billing cycle to issue the customer notice.”

The Directive noted it was being issued in reconsideration of Blue Granite’s request to not end the stay precisely on December 31, 2020 and further provided the parties “ be allowed to file comments within thirty (30) dayson the question of whether the accounting order should be continued and, if so, when the accounting order should be terminated.”

DEPARTMENT COMMENTS

It is the Department’s position that the accounting order should remain in effect so long as the stay on implementation of rates under bond remains in effect. This will allow the Company to maintain its regulatory asset and “defer certain costs associated with the delayed implementation of new rate under bond.” Order 2020-758.

Further, the stay on the implementation of rates under bond should remain in effect so long as the Governor’s declaration of a State of Emergency is in effect. When the Commission stayed the implementation of rates under bond through December 31, 2020 and approved the accounting order, it noted it was doing so “due to the immediate adverse financial impacts that would be suffered by residential and commercial ratepayers during the Governor’s declared health care emergency in South Carolina” and noted that these measures were “the best way to protect the interest of all parties in this case in this era of the COVID-19 pandemic.” Commission Directive issued August 31, 2020 (Both statements are also in Order 2020-758).

The Governor first declared a State of Emergency on March 13, 2020 and has continuously issued new emergency declarations since, most recently on December 23, 2020 through Executive Order 2020-77. Executive Order 2020-77 finds

the COVID-19 pandemic represents an evolving public health threat and now poses different and additional emergency circumstances, which require that the State of South Carolina take any and all necessary and appropriate actions in proactively preparing for and promptly responding to the public health emergency and the significant economic impacts and other consequences associated with the same;

Maintaining the accounting order and the stay of implementation of new rates under bond during the State of Emergency is in keeping with the Governor's Executive Orders and the intent of the Commission's August 31, 2020 directive and Order 2020-758.

Blue Granite has already implemented increased rates based on the Commission's May 28, 2020 directive on reconsideration. Its sewer customers now pay \$78.25 per month, 20.2% more than before the rate case.¹ Its average water customers, depending on the type of services provided, pay 16.2% to 37.7% more than they did before the rate case.² As such, keeping the accounting order and stay in place will protect consumers from an additional rate increase and will continue to "enable the Company to have continued access to necessary capital during these uncertain and rapidly changing economic times..." Blue Granite's Conditional Petition for Approval of an Accounting Order, p. 6.

CONCLUSION

For the reasons stated above, the accounting order and the stay on implementation of rates under bond should remain in effect so long as the Governor's declaration of a State of Emergency is in effect. Upon expiration of the Governor's State of Emergency, the Commission could permit Blue Granite to implement its rates under bond, if it so chooses, "after the Company has had an adequate opportunity to prepare to issue the customer notice of the rate change, and has had a 30-

¹ Determined using the rates in Attachment A to Blue Granite's June 8, 2020 letter to the Commission.

² ORS witness Sandonato indicated 6,000 gallons per month as the usage of a "typical residential customer". Tr. p. 1213.14. Percentage increase determined using the rates in Attachment A to Blue Granite's letter submitted to the Commission on June 8, 2020. (R. ____).

day billing cycle to issue the customer notice.” At that time, the Company should also be able to determine the costs deferred under the accounting order for recovery in a future rate proceeding.

Respectfully submitted,

S.C. DEPARTMENT OF CONSUMER AFFAIRS

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January 4, 2021
Columbia, South Carolina